

PORTFOLIO UPDATE

Atlas High Income Property Fund

Monthly Report May 2022



- May proved to be a very volatile month dominated by macroeconomic news predominantly around rising global inflation, EU bans on Russian oil and mobility restrictions in China. Domestically the RBA increased 0.25% to 0.35%, the first increase in the official rate since November 2010. This increase saw the property sector fall by -9% over the month, with most of the pain being felt by the high price to earnings property developers, which the Fund avoids.
- The **Atlas High Income Property Fund** declined by -5.2% in May on general negative market sentiment rather than investment fundamentals. Atlas is looking forward to the upcoming August profit season, which will allow management teams to demonstrate how their earnings increase with inflation. With the bulk of the companies owned by Fund declaring distributions in late June, this expected earnings resilience will be revealed in the next two weeks.
- As the Fund is populated with Trusts that deliver stable earnings today, revenue that increases in line with inflation and debt hedged for an average of 5 years, rising inflation should have a limited impact on the Portfolio. Indeed some Trusts will benefit from inflation over the short to medium term, as profits rise faster than interest costs.

	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	12m rolling	Since Inception % p.a.
Atlas High Income Property Fund	3.8%	-0.6%	6.3%	0.4%	0.8%	1.1%	5.0%	-6.0%	3.3%	2.9%	2.2%	-5.2%	14.0%	2.3%
RBA Cash +3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	3.9%	3.8%
Active return	3.5%	-0.9%	6.0%	0.1%	0.5%	0.8%	4.7%	-6.3%	3.0%	2.6%	1.9%	-5.5%	10.1%	-1.6%

Portfolio Objective

Our approach to investing in Australian listed property is founded on quality, value, and sensible risk management principles. The objective is to build a portfolio of high-quality Property Trusts that can deliver consistent and growing distributions with easily forecastable earnings.

The Fund seeks to capture returns by investing in selected Australian listed property and infrastructure securities and to increase the income generated by implementing a covered call option selling (writing) strategy. A portion of the income received from selling the call options may be used to purchase put options to reduce capital risk.

Market Update

The key news in May was the RBA raising the official cash rate in early May. The last time that the RBA raised the cash rate was in November 2010! While there has been some angst in the financial press about raising interest rates, this is a sensible move to stop the economy from overheating and tackle inflation. With the unemployment rate at 3.9% (the lowest since 1974), it is hard to make the case that the RBA needs to keep rates at ultra-low crisis levels.

Portfolio Performance

The Fund declined by -5.2% in May on no stock-specific news, just vague macro fears that saw the Listed Property sector fall by -9%. There were few places for investors in real assets to hide over the month, with most companies declining around -10%. Over the month, performance was assisted by the derivatives overlay program and positions in Atlas Arteria (+3%) and Transurban (0%).

Due to the Fund's focus on owning companies that generate profits linked to inflation today, rather than promise high earnings in the distant future, a rising interest rate environment will favour the type of companies that populate the Fund. Additionally rising rates will put upward pressure on the premiums the Fund receives from selling call options.

Trading

No significant trading was done over the month.

Trust Distribution History

Period	Cash	Annualised Yield at NAV
CY 2017	\$0.128	8.0%
CY 2018	\$0.189	8.2%
CY 2019	\$0.172	8.2%
CY 2020	\$0.115	7.0%
CY 2021	\$0.133	7.0%
Mar-22	\$0.036	7.0%

Fund Information

Unit Price (NAV)	\$1.9467
APIR Code	OMF9290AU
ASX Code	AFM01
Inception	May 2017
Responsible Entity	One Managed Investment Funds Limited
Benchmark	RBA Cash Rate +3%
Unit Pricing	Daily available on ASX website
Management Fee	0.95% per annum incl GST
Distributions	Aim to deliver at least 1.75% per quarter
Buy/sell spread	+/- 0.15%
Applications	Units can be acquired by the current Product Disclosure Statement Or via ASX mFunds
Redemptions	Daily via the share registry or via ASX mFunds
Platform Availability	ASX mFunds and Hub24

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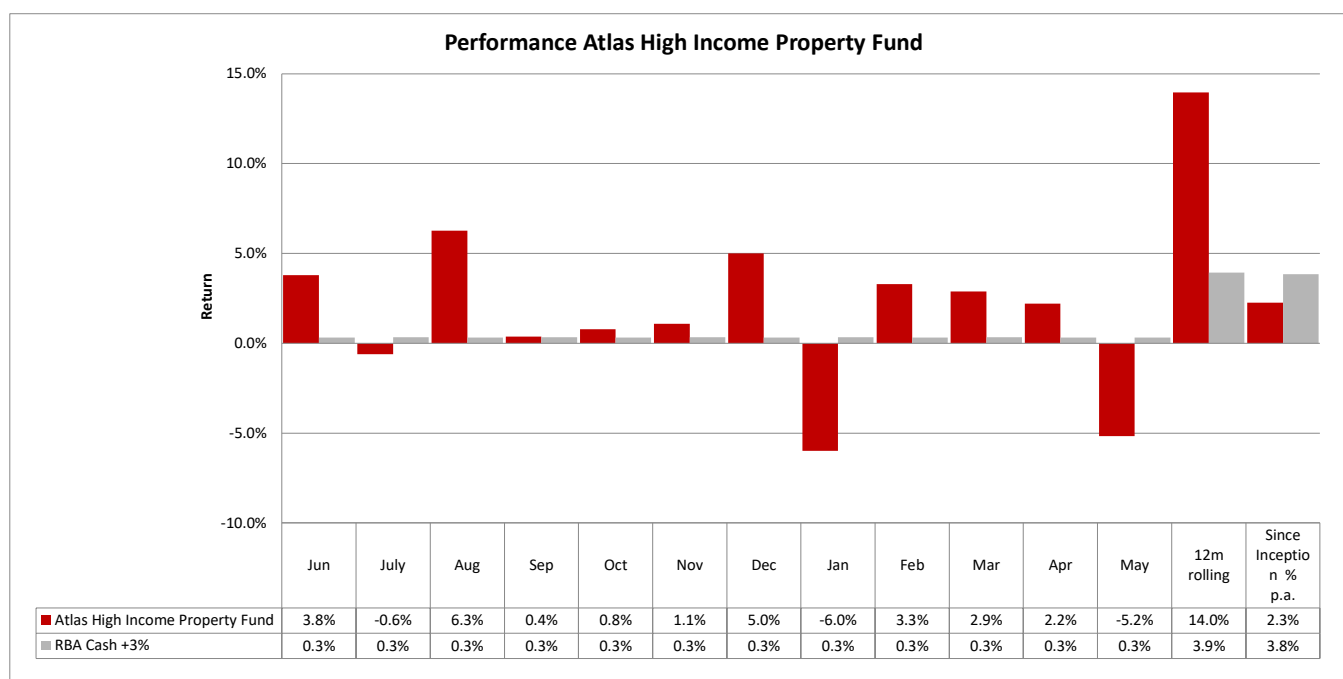


Portfolio Characteristics

	Property Index	Fund
Price Earnings Ratio	19.5x	13.4x
Premium/discount to NTA	+44%	-3%
Recurring Income	66%	100%
Distribution Yield (Historic)	3.9%	7.0%
Beta	1.00	0.60

Top 5 Portfolio Holdings at May 2022

SCA Property
GPT
Charter Hall Retail
DXC Industrial
Arena REIT



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